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C O N F I D E N T I A L SECTION 01 OF 02 SINGAPORE 000703

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STATE PASS TREASURY FOR PDEGARABEDIAN
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TAGS: [ETTC](#) [KTFN](#) [EFIN](#) [KCRM](#) [ECON](#) [ETRD](#) [EINV](#) [SN](#)
SUBJECT: SINGAPORE ANTICIPATES FAVORABLE FATF REVIEW

REF: A. A) SINGAPORE 585
 [1](#)B. B) SINGAPORE 357
 [1](#)C. C) STATE 16120
 [1](#)D. D) 06 SINGAPORE 3547

Classified By: Deputy Chief of Mission Judith R. Fergin; reasons 1.4 (b)
(d).

[1](#)1. (U) This is an action request. Please see para 11.

[1](#)2. (C) Summary: GOS officials claim they are well prepared for an upcoming Financial Action Task Force (FATF) peer review to assess Singapore's anti-money laundering and countering the financing of terrorism (AML/CFT) regime. Recent steps to implement FATF's recommendations include new and revised AML/CFT regulations for banks and other financial institutions. Singapore plans to institute additional measures before two multi-billion dollar casinos open in 2009 and 2010. Singapore currently lacks reporting requirements for cash couriers and is still considering how to address this deficiency. Given our mixed record with Singapore in terms of law enforcement cooperation, we strongly urge USG participation in FATF's on-site assessment of Singapore in September. End Summary.

USG Engagement in the Mutual Evaluation Process

[1](#)3. (SBU) In preparation for its third Mutual Evaluation, Singapore must submit required paperwork to FATF, including questionnaire responses, by June 1, 2007. A two-week on-site evaluation will follow in September and FATF will issue its final report in February 2008. The FATF Secretariat, in conjunction with the Asia/Pacific Group on Money Laundering (APG), will establish an evaluation team consisting of representatives from four other FATF member economies a few weeks before the on-site assessment.

[1](#)4. (U) FATF last conducted a Mutual Evaluation of Singapore in 1998. Since then, the GOS has relied on a permanent inter-agency team consisting of twelve agencies to implement FATF's recommendations -- currently forty for AML and nine for CFT. These agencies report to a Steering Committee headed by the Monetary Authority of Singapore (MAS), the Ministry of Finance (MOF), and the Ministry of Home Affairs (MHA).

Banks and Other Financial Institutions

15. (U) MAS recently issued new or revised AML/CFT regulations (in the form of "Notices" and "Guidelines") for banks and other financial institutions, most of which took effect March 1, 2007. Affected institutions include banks, finance companies, money changers and remitters, life insurers, capital market intermediaries, and financial advisers. Revised regulations for trust companies took effect April 1, and new reporting requirements for cross-border wire transfers will take effect on July 1. The above regulations for the first time address some of FATF's CFT recommendations as well as further implement its AML recommendations.

16. (U) In addition to requiring originator information for cross-border wire transfers, the regulations include provisions related to customer due diligence (CDD); "politically exposed persons"; prohibitions against correspondent banking relationships with shell banks; and additional suspicious transactions reporting requirements in line with the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act and the Terrorism (Suppression of Financing) Act.

17. (U) Revised MAS Notices and Guidelines:

MAS 626) Banks
MAS 3001) Money Changers and Remitters
MAS 824) Finance Companies
MAS 1014) Merchant Banks
MAS 314) Life Insurers
SFA04-N02) Capital Markets Intermediaries
FAA-N06) Financial Advisers
SFA13-N01) Approved Trustees

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TCA-N03) Trust Companies

Details are available at the MAS website: www.mas.gov.sg)-
"Legislations, Notices and Guidelines."

Anticipating a Favorable Report Card

18. (SBU) Deputy Prime Minister and Minister for Home Affairs WONG Kan Seng told the Ambassador March 23 that he was confident Singapore would comply with all FATF core requirements in time for the assessment team's September visit (ref A). MAS and other MHA officials have similarly asserted in separate conversations that they were "well prepared."

But Also Some Concerns

19. (C) However, MAS has also acknowledged some concerns, including that FATF might take issue with its implementation of Recommendation V concerning CDD, which states that CDD requirements must be codified in law and not just regulation. If challenged, MAS intends to argue that its Notices have the effect of law. They take some comfort in the fact that FATF deemed Portugal's similar implementation of Recommendation V to be acceptable during its peer review last year. Additionally, MAS is unsure how FATF will react to some of Singapore's AML/CFT regulations for designated non-financial businesses and professions (DNFBP). MAS believes that the GOS has implemented adequate regulations for casinos, attorneys, accountants, and trusts, but is still uncertain how to proceed with those for real estate agents. It has yet to address professions such as jewelers, but, MAS noted, neither have most other FATF-members due to the complexities involved.

Cash Couriers: Closing the Gap

110. (C) Singapore is still considering how to close a

significant gap in its AML/CFT regime -- the lack of reporting requirements for cash couriers involved in the physical cross-border transportation of currency and bearer negotiable instruments. The GOS told us in recent meetings that it is undecided about which of FATF's recommended reporting requirement options (declaration or disclosure) to pursue. DPM Wong told the Ambassador March 23 that his biggest concern with a declaration system (which we have repeatedly advocated) was the effect it might have on Singapore's ability to efficiently screen individuals entering the country. (Note: With the exception of an arrival/departure card, Singapore does not require travelers to fill out other forms such as a customs declaration. A declaration system for cash couriers would therefore require additional resources and potentially slow down processing times at border checkpoints. End Note.) MHA officials told us they intend to finalize a proposal for cash courier reporting requirements in time for the FATF assessment in September. They advised that implementation would still take several more months due to the need for parliamentary approval of amendments to existing laws.

Comment and Action Request

11. (C) Singapore's FATF peer review offers an outstanding opportunity to strengthen our law enforcement relationship. While we have seen recent improvement in cooperation, Singapore's reluctance to share data from financial records (except under our Drug Designation Agreement) continues to be an obstacle. It is also an unparalleled chance to persuade the GOS to adopt an AML/CFT regime that conforms to international best practices, which is especially important as Singapore's banking sector booms and the casino openings approach. Action request: We strongly urge USG participation in the upcoming FATF assessment, particularly the on-site visit.

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